



COLORADO

Colorado Healthcare Affordability
& Sustainability Enterprise

Colorado Healthcare Affordability and Sustainability Enterprise
1570 Grant Street
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Hospital Transformation Program

Scoring Framework Proposal

I. Background

Consistent with the Colorado Healthcare Affordability and Sustainability Enterprise Act of 2017, the Colorado Health Care Affordability and Sustainability Enterprise (CHASE) in concert with the State of Colorado Department of Health Care Policy and Financing (the Department) will seek approval from the federal Centers for Medicare and Medicaid Services (CMS) for the federal authority necessary to embark on a five-year program to implement hospital-led strategic initiatives through the establishment of a delivery system reform incentive payment (DSRIP) program.

The state will leverage hospital supplemental payment funding generated through existing healthcare affordability and sustainability fees authorized under CHASE. These payments will be used as incentives in a statewide Hospital Transformation Program (HTP) designed to improve patient outcomes through care redesign and integration with community-based providers, lower Medicaid costs through reductions in avoidable care, and prepare the state's hospitals for future value-based payment environments.

This document outlines a proposal for a general framework for how hospitals will be evaluated on identified measures for the HTP. The recommendations contained within this report are intended to guide and inform the decision-making process to finalize the program framework. The decision-making process for finalizing this proposal will include significant collaboration with key stakeholders including the Department, the CMS, the CHASE Board, the Colorado Hospital Association, participating hospitals, and broader stakeholders participating in the program.

II. Overview

As part of the HTP, it is proposed that hospitals will receive supplemental payments based on their activity and performance on certain measures that have been collaboratively developed.

For each intervention and measure, it is proposed that hospitals will be asked to develop improvement plans with clear milestones for the first two years of the program and improve performance in years 3 through 5 across a series of measures important to improved processes of care, improved health outcomes, and reducing avoidable utilization and costs. Hospitals will also be asked to produce a plan for sustainability of projects and performance in year 5 of the program, which is proposed to be the final year of the demonstration.

The Department is recommending that measure scoring for the HTP will include a combination of statewide measures for all hospitals statewide, and local measures selected by each individual hospital to align with their improvement priorities and community needs.

III. HTP Evolution

During the pre-program period, referred to as program year 0 (PY0), the qualified hospitals are conducting a community and health neighborhood engagement process to inform the hospitals' HTP projects and cultivate the meaningful partnerships that will be critical to the success of the overall HTP. It is proposed that no application for the HTP will be accepted if a hospital has not completed the community and health neighborhood engagement process.

The first year of the HTP—referred to as PY1—will be the first of five years of the program. Throughout the program period, the Department seeks to continue its efforts to increase transparency through public reporting on quality measures and hospital utilization. As the HTP evolves, the payment structure will shift from pay-for-reporting and pay-for-action in PY1 and PY2 to pay-for-quality and pay-for-performance beginning in PY3, with the percentage of hospital risk increasing incrementally each year through PY5.

As the program matures into the post-program time period, it is envisioned that the efforts will be sustained or enhanced with the adoption of value-based and/or alternative payment methodologies, and efforts will be undertaken to define, evaluate, and identify centers of excellence.

A. Downside Risk - Pay for Reporting and Activity, Pay for Achievement, Performance and Improvement

The Department proposes that hospitals be at-risk for a sequentially increasing percentage of the payments. The Department proposes the following schedule for at-risk dollars:

- In **PY1**, 5% of payments will be at-risk, with 1.5% at risk each for hospital applications and implementation plans, and 2% at risk for timely reporting.
- In **PY2**, 6% of payments will be at-risk, with 2% at risk for timely reporting, and 4% at risk for meeting major project milestones.
- In **PY3**, 15% of payments will be at-risk, with 2% at risk for timely reporting, 8% at risk for meeting major project milestones, and 5% at risk for meeting or exceeding measurement or improvement thresholds. For hospitals that miss their milestones, 50% of the penalty can be earned back by submitting a course correction plan.
- In **PY4**, 20% of payments will be at-risk, with 2% at risk for timely reporting and 18% at risk for meeting or exceeding measurement or improvement thresholds.
- In **PY5**, 30% of payments will be at-risk, with 2% at risk for timely reporting, 8% at risk for submission and approval of the sustainability plan, and 20% at risk for meeting or exceeding measurement or improvement thresholds.

Please see Appendices A and B for further information.

B. Upside Risk - Redistribution of Penalty Dollars, and Medicaid Savings Bonus

While hospital payments will be at-risk for certain activities, it is also proposed that hospitals will also be able to receive an upside risk that comprises a redistribution of penalty dollars and savings bonuses. For PY2 and PY3, this upside risk will comprise only a redistribution of penalty dollars. In PY4 and PY5, it is recommended that savings bonuses will also be included in the upside risk.

The redistribution methodology needs to be determined, and could, for example, be paid to the highest performers and those with the greatest improvement. Savings bonuses refer to payments to hospitals based on costs savings in fee-for-service attributable to hospital HTP efforts.

Please see Appendices A and B for further information.

C. Pay for Reporting and Activity

It is proposed that hospitals will be asked to implement interventions to impact the HTP measures. In PY1, it is proposed that the timely approval of the application and the implementation plans for the interventions each carry a 1.5% downside risk.

It is recommended that throughout the HTP, hospitals will be asked to document and report on the activities that they are undertaking with the implementation, management, execution, and monitoring of the interventions they have committed to in their applications.

Hospitals will also be asked to report on ongoing community engagement activities. The Department contemplates this information along with any self-reported data associated with HTP measures as a requirement of the program each year and carries a 2% penalty risk for failure to report in a timely and consistent fashion according to established reporting deadlines.

D. Pay for Achievement, Performance, and Improvement

There are two areas of accomplishment recommended within the proposed HTP:

- **Achievement of Project Milestones.** It is recommended that hospitals will be asked to establish milestones associated with each intervention they are implementing and the measures they are impacting. These are the process of care measures that they will be held to as they implement and execute on their plan. It is proposed that the at-risk percentage will be tied to the successful completion of milestones. The exact methodology for calculating the penalty needs to be developed. It is proposed that 50% of any penalty for missed milestones in PY3 can be earned back by submitting a course correction plan.
- **Performance or Improvement on Outcome Measures.** It is proposed that hospitals will be asked to select measures as outlined in the Measurement Scoring section below. After the benchmarking period of PY1 and PY2, hospitals will be at risk to lose an established percentage risk for a given program year if they do not:
 - a) Achieve or beat the benchmark; or
 - b) Show marked improvement in the measure

It is proposed that if a hospital achieves or beats the benchmark, no penalty is assessed. If a hospital does not meet this criteria, but shows improvement greater than the trend, the penalty will be half of the at-risk percentage.

Those that fail to do either **a.** or **b.** above will face a penalty of the full at-risk percentage. It is proposed that the penalty will be calculated based on the total weight of measures missed compared to total effort as a percentage. That percentage will be applied to the

percentage at risk to determine the penalty percentage applied to the supplemental payments.

See Appendices A and B for further information.

IV. Measurement Scoring

The Department proposal includes measures with data obtained from multiple sources to assess hospital performance. Such sources of data include, but are not necessarily limited to: Medicaid claims data, hospital data self-reported to the Department on selected measures subject to review, other public sources.

The proposal for calculating the total required effort for measures is that each measure has assigned points. It is recommended that each urban and community hospital will be required to work on measures totaling 100 points. Rural hospitals will be accountable for 75 points. Critical Access Hospitals and sole community hospitals will be accountable for 50 points, and it is recommended that the 50 points can be achieved through a combination of statewide and local measures. Total point requirements for pediatric, respiratory, and orthopedic hospitals need to be determined.

As noted above, the proposed program will ask hospitals to be accountable for certain statewide measures. There is at least one in each of the following areas:

- **Reducing Avoidable Inpatient and Outpatient Hospitalization**
- **Vulnerable Populations**
- **Behavioral Health and Substance Use Disorder**
- **Clinical and Operational Efficiencies**
- **Population Health and Total Cost of Care**

In addition, hospitals will be asked to select from a series of local measures across these five areas to achieve the needed total point score. It is also recommended that there be a selection of statewide priority measures that hospitals could choose to undertake. These efforts can substitute for the population health and total cost of care statewide measure and local measures in a combination equal to the value of the statewide priority measure.

As noted in Section III.a, above, it is proposed that the projects and measures will be risk-scored as follows based on milestones and achievement and their relative points:

- **PY1:** 1.5% at risk for performance-improvement plan with milestones in year 2 and 3 and outcome improvement in years 3 to 5
- **PY2:** 4% risk for achievement of milestones
- **PY3:** 8% risk for milestones and 5% risk for measures
- **PY4:** 18% risk for measures
- **PY5:** 20% risk for measures and 8% risk for sustainability plan

Please see Appendix B for an example of the scoring rubric proposed for use under this framework.

V. Statewide Measures, Local Measures, State Priorities, and Complementary Efforts

A. Statewide Measures

For each focus area, it is proposed that there will be at least one measure that is statewide for all HTP-participating hospitals. There are some focus areas where more than one measure may be considered statewide. Two potential areas where this could be true are: Behavioral Health and Substance Use Disorder Coordination (BH and SUD), and Clinical and Operational Efficiencies. Below are examples of proposed statewide measures for the program. These measures are currently being vetted through dedicated quality measures workgroups as well.

- Reducing Avoidable Hospital Utilization for High Utilizers
 - 30-day all cause risk adjusted readmission rate (adult CMS specification - pediatric spec AHRQ)
- BH and SUD Measures
 - ED utilization/recidivism for MH primary diagnosis
 - ED utilization/recidivism for SUD primary diagnosis
 - Using ALTOs in ED
 - Opioid prescriptions in ED
 - Opioid prescribing guidelines for post-surgical and chronic pain in out years
- Vulnerable Populations
 - Social Determinants of Health Screening and Referral To SDOH Community Based Organizations (spec to be developed)
- Clinical and Operational Efficiencies
 - Hospital Index
 - Health Waste Calculator
- Population Health and Total Cost of Care
 - Risk Adjusted Length of Stay (adult CMS specification - pediatric specification to be determined)

B. Local Measures

It is proposed that hospitals will be asked to select from a menu of local measures to comprise the remainder of their measurement score. It is recommended that the combination of local measures selected be reflective of the community needs identified in the CHNE. The department is working with quality measures workgroups to identify local measures for the program. Such measures may include:

Reducing Avoidable Hospitalizations:

- Connection to PCP prior to discharge and follow up appointment made (spec to be developed)
- ED visits for which the member received follow-up within 30 days of the ED visit (HEDIS)
- Home Management Plan of Care (HMPC) Document Given to Pediatric Patient/Caregiver (eCQM)

- Percentage of patients with ischemic stroke who are discharged on statin medication (eCQM)
- 3 Item Care Transitions Patient Survey Measure (CMS)

Vulnerable Populations:

- Utilization of MAT for perinatal and postpartum women presenting with SUD (spec to be developed)
- ED revisits within 48 hours for pregnant women (ectopic pregnancy excluded) (spec to be developed)
- Pregnant women in 1st trimester seen in ED who receive a prenatal care visit within 30 days (spec to be developed)
- 15-day readmission rate for a high frequency chronic condition (spec to be developed)
- Implementation/expansion of telehealth visits (spec to be developed)
- Screening for transitions of care supports in adults with disabilities (spec to be developed)
- Increase referrals to SDOH Community Based Organizations (spec to be developed)

Behavioral Health/Substance Use Disorder:

- Initiation of SUD treatment within 14 days of new diagnosis of SUD (AHRQ)
- Screening for depression and suicide risk in IP and ED (spec to be developed)
- SBIRT in the Emergency Room (spec to be developed)
- Use of Prescription Drug Monitoring Program prior to opioid prescription for ED patients (spec to be developed)
- Initiation of MAT in Emergency Room (spec to be developed)

Clinical and Operating Efficiencies:

- Transmission of a transition record to a patient's PCP or other clinician within 24 hours of input discharge (HEDIS)
- Opportunity Days – APR-DRG actual vs. expected days
- Increased utilization of telehealth
- Energy Star Certification

C. State Priorities

Under the HTP, the Department will provide added weight to certain statewide priority opportunities as an incentive for hospitals to undertake these efforts when applicable. These priorities are concentrated in the Community Development Efforts to Impact Population Health and Total Cost of Care focus area.

- Conversion of hospital-owned free-standing emergency departments (FSED) to address community needs, such as BH and maternal health
- The creation of dual-track emergency departments
- Where capacity and need align, provide beds for residential and IP SUD services following approval of the Department's SUD Waiver
- Participation in a global budget arrangement for certain regions, subject to payer and provider consensus and support and guidance from the Center for Medicare and Medicaid Innovation (CMMI)

D. Complementary Statewide Efforts

Within certain focus areas, there will be some complementary statewide efforts that HTP participating hospitals will be asked to align with or engage in along with HTP efforts. These complementary efforts will correspond with the Community and Health Neighborhood Engagement (CHNE) process, vulnerable populations, and BH and SUD coordination.

- A discussion of hospital inventory and capacity will be a part of the CHNE
- Engagement with a multi-provider consensus quality measure and alternative payment methodology (APM) collaborative
- Use of the Advanced Care Plan Repository and Education Tools
- Use of the Medication (Rx) Prescribing Tool (which is being expanded to include health improvement program and opioid addiction prevention insights for prescribers)
- Real time Data Sharing and ADT Standards
- Defining and identifying Centers of Excellence

Appendix A – Financing Risk

HTP Year	Total % At-Risk (Downside)	Upside Risk	Description of Activities At-Risk	% At-Risk by Activity
Year 1	5	n/a	Community and Health Neighborhood Engagement Reporting	0
			Application Approved Q1	1.5
			Implementation Plan with Milestones Approved Q2	1.5
			Timely Reporting	2
Year 2	6	Redistribution of penalties from Year 1	Timely Reporting	2
			Meeting Major Milestones	4
Year 3	10	Redistribution of penalties from Year 2	Timely Reporting	2
			Meeting Major Milestones Course Corrections	8
			Meet or Exceed Measurement or Improvement Threshold	5
Year 4	20	Redistribution of penalties from Year 3 and shared savings	Timely Reporting	2
			Meet or Exceed Measurement or Improvement Threshold	18
Year 5	30	Redistribution of penalties from Year 4 and shared savings	Timely Reporting	2
			Sustainability Plan	8
			Meet or Exceed Measurement or Improvement Threshold	20

Appendix B – Stacked Scoring Example

Hospital A		Year 1		Year 2		Year 3		Year 4		Year 5			
Annual Payment		Application and Implementation plan approved, Timely Reporting of Activities		Timely Reporting of Activities, Benchmarking, Project Milestones		Timely Reporting of Activities, Project Milestones, Performance		Timely Reporting of Activities, Project Milestones, Performance		Timely Reporting of Activities, Project Milestones, Performance, Sustainability Plan			
\$15,000,000	At Risk Category	% at risk	5%	% at risk	6%	% at risk	15%	% at risk	20%	% at risk	30%		
	Application	1.5%		-		-		-		-			
	Implementation Plan	1.5%		-		-		-		-			
	Timely Reporting	2%		2%		2%		2%		2%			
	Milestones	-		4%		8%		-		-			
	Performance	-		-		5%		18%		20%			
	Sustainability Plan	-		-		-		-		8%			
		Year 1		Year 2		Year 3		Year 4		Year 5			
		Application and Implementation plan approved, Timely Reporting of Activities		Timely Reporting of Activities, Project Milestones		Timely Reporting of Activities, Project Milestones, Performance		Timely Reporting of Activities, Project Milestones, Performance		Timely Reporting of Activities, Project Milestones, Performance, Sustainability Plan			
	Reporting												
	Application	Met	-	NA	-	NA	-	NA	-	NA	-		
	Implementation Plan	Not Met	1.5%	NA	-	NA	-	NA	-	NA	-		
	Reporting Q1	NA	-	Not Met	0.5%	Not Met	0.5%	Met	-	Not Met	0.5%		
	Reporting Q2	NA	-	Met	-	Met	-	Met	-	Met	-		
	Reporting Q3	Not Met	0.5%	Met	-	Met	-	Met	-	Met	-		
	Reporting Q4	Met	-	Met	-	Not Met	0.5%	Not Met	0.5%	Met	-		
	Sustainability Plan	NA	-	NA	-	NA	-	NA	-	Not Met	8.0%		
	Reporting Penalty		2.0%		0.5%		1.0%		0.5%		8.5%	12.5%	\$1,875,000.0
	Project Milestones												
	Project 1	NA	-	Met	-	Met	-	NA	-	NA	-		
	Project 2	NA	-	Not Met	0.5%	Not Met	1.0%	NA	-	NA	-		
	Project 3	NA	-	Met	-	Met	-	NA	-	NA	-		
	Project 4	NA	-	Met	-	Met	-	NA	-	NA	-		
	Project 5	NA	-	Met	-	Met	-	NA	-	NA	-		
	Project 6	NA	-	Met	-	Not Met	1.0%	NA	-	NA	-		
	Project 7	NA	-	Met	-	Met	-	NA	-	NA	-		
12.5%	Project 8	NA	-	Met	-	Met	-	NA	-	NA	-		
	Milestone Penalty		0.0%		0.5%		2.0%	0	0.0%	0	0.0%	2.5%	\$375,000.0
Points	Measures												
10	RAH Statewide	NA	-	NA	-	Not Met	0.5%	Met	-	Met	-		
5	RAH Local 1	NA	-	NA	-	Met	-	Met	-	Met	-		
5	RAH Local 2	NA	-	NA	-	Not Met	0.3%	Met	-	Met	-		
16	BH/SUD Measure Group 1	NA	-	NA	-	Met	-	Not Met	2.9%	Met	-		
4	BH/SUD Measure Group 2	NA	-	NA	-	Met	-	Met	-	Met	-		
10	COE Hospital Index	NA	-	NA	-	Met	-	Met	-	Met	-		
10	COE Low Value	NA	-	NA	-	Met	-	Met	-	Not Met	2.0%		
10	VP Statewide	NA	-	NA	-	Met	-	Met	-	Not Met	2.0%		
5	VP Local 1	NA	-	NA	-	Met	-	Met	-	Met	-		
5	VP Local 2	NA	-	NA	-	Met	-	Met	-	Met	-		
20	Statewide Priority 1	NA	-	NA	-	Met	-	Met	-	Met	-		
100	Performance Penalty		0.0%		0.0%		0.8%		2.9%		4.0%	7.6%	\$1,144,500.0
	Total Penalty		2.0%		1.0%		3.8%		3.4%		12.5%	22.6%	
			\$300,000.0		\$150,000.0		\$562,500.0		\$507,000.0		\$1,875,000.0	\$3,394,500.0	